THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

December 31, 2008 and 2007

KATZ, SAPPER & MILLER
Certified Public Accountants

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

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Independent Auditors' Report

Board of Directors
The Indianapolis Local Public Improvement Bond Bank

We have audited the accompanying statements of net assets of The Indianapolis Local Public Improvement Bond Bank as of December 31, 2008 and 2007, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Bond Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Indianapolis Local Public Improvement Bond Bank at December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

The Management's Discussion and Analysis presented on pages 2 to 5 is not a required part of the basic financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
June 30, 2009

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of The Indianapolis Local Public Improvement Bond Bank (Bond Bank), we offer readers of the Bond Bank's financial statements this narrative overview and analysis of the financial activities of the Bond Bank for the fiscal year ended December 31, 2008. All amounts, unless otherwise indicated, are expressed in thousands of dollars and are approximate.

FINANCIAL HIGHLIGHTS

The net loss for 2008 was approximately $121 thousand, which is reflected in the decrease in net assets.

Total assets increased from $4.15 billion at December 31, 2007 to $4.46 billion at December 31, 2008. This is an increase of approximately $310 million. This increase occurred primarily in cash and loans receivable.

During 2008, the Bond Bank issued $449 million in new and refunding bonds.

The Bond Bank issued $198 million in new notes payable during 2008. Series 2008A-B and Series 2008C-E accounted for 100% of the new notes issued.

During 2008, the Bond Bank refunded notes of $33.5 million and made draws on bonds of $28 million. In addition, the Bond Bank made principal payments of $100 million on bonds payable and $369 million on notes payable.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Bond Bank's basic financial statements. The Bond Bank is an instrumentality of the City of Indianapolis and is maintained as a Proprietary Fund. Proprietary Funds are used to report any activities for which income fees are charged to external users for goods and services. In addition, Proprietary Funds must be used in situations where debt is backed solely by fees and charges. A Proprietary Fund is accounted for in a manner similar to a commercial enterprise on the accrual basis of accounting. The Bond Bank's financial statements include statements of net assets, statements of revenues, expenses and changes in net assets, statements of cash flows, and the notes to the financial statements. All information included in this discussion and analysis is presented for the three most recent fiscal years to provide the opportunity for comparison between the years.

The *statements of net assets* present information on all of the Bond Bank's assets and liabilities, with the difference between the two reported as net assets.

The *statements of revenues, expenses and changes in net assets* present information showing how the Bond Bank's net assets changed during each year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

In contrast, the *statements of cash flows* are concerned solely with flows of cash and cash equivalents. Transactions are recorded when cash is received or exchanged, without concern of when the underlying event causing the transactions occurred.

These financial statements can be found on pages 6 to 8 of this report.

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 9 to 37 of this report.

FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of an entity's financial position. In the case of the Bond Bank, assets exceeded liabilities by $2.4 million at the close of the most recent fiscal year.

The Indianapolis Local Public Improvement Bond Bank's Net Assets
(In Thousands of Dollars)

	December 31,		
	2008	**2007**	**2006**
Current assets	$ 819,541	$ 982,475	$ 433,031
Noncurrent assets	3,637,541	3,166,122	3,045,023
Total Assets	$4,457,082	$4,148,597	$3,478,054
Current liabilities	$ 837,783	$ 623,921	$ 368,125
Long-term liabilities outstanding	3,616,933	3,522,189	3,106,103
Total Liabilities	4,454,716	4,146,110	3,474,228
Net assets	2,366	2,487	3,826
Total Liabilities and Net Assets	$4,457,082	$4,148,597	$3,478,054

Loans receivable have continued to increase over the years as the Bond Bank continues to issue debt funding the projects of the qualified entities. As new and existing projects are undertaken and completed, additional bonds are issued on behalf of the qualified entities to fund the projects. Therefore, loans receivable and bonds payable have continued to increase.

FINANCIAL ANALYSIS (CONTINUED)

The Indianapolis Local Public Improvement Bond Bank's
Statements of Revenue, Expenses and Changes in Net Assets
(In Thousands of Dollars)

	Year Ended December 31, 2008	2007	2006
Operating Revenues:			
Interest-investments	$ 208,350	$ 166,005	$151,845
Fees	3,874	3,389	3,178
Total Operating Revenues	212,224	169,394	155,023
Operating Expenses:			
Interest	202,516	161,825	147,400
Amortization of debt issuance costs	4,629	4,081	3,459
Administrative costs	2,092	2,014	1,735
Total Operating Expenses	209,237	167,920	152,594
Operating Income	2,987	1,474	2,429
Other Financing Uses	(3,108)	(2,813)	(929)
Increase (decrease) in net assets	(121)	(1,339)	1,500
Net Assets:			
Beginning of Year	2,487	3,826	2,326
End of Year	$ 2,366	$ 2,487	$ 3,826

The Bond Bank's net assets decreased by approximately $121 thousand during the current fiscal year. Key elements of this decrease are as follows:

Total operating revenues increased by $42.8 million. Interest income is received on loans receivable, as well as other investments, and increased $42.3 million. Operating fees increased by $0.5 million.

Total operating expenses increased by $41.3 million. Interest expense on bonds payable increased $40.7 million. The remainder of the operating expenses consists of amortization on bond related cost of issuance, administrative expenses, trustee fees and professional fees and increased $0.6 million.

Total other financing uses increased by $0.3 million.

DEBT ADMINISTRATION

Long-term Debt: At the end of the current fiscal year, the Bond Bank had bonds and notes payable net of premium/discount of approximately $4.2 billion. The bonds and notes payable are secured by specified revenue sources.

The Indianapolis Local Public Improvement Bond Bank's Outstanding Debt
(In Thousands of Dollars)

	December 31,		
	2008	**2007**	**2006**
Bonds payable	$3,798,901	$3,412,225	$3,111,933
Note payable	417,362	587,786	237,976

During 2008, the Bond Bank issued $449 million in new and refunding bonds and $198 million in new notes payable.

Following is a summary of the new bonds and notes issued in the current fiscal year.

Bond Series 2008A ($59,450,000) was used to purchase the City of Indianapolis' Redevelopment District Bond Series 2008. A portion of the proceeds was used to fund a debt service reserve and pay the cost of issuance of the Series 2008A Bonds as well as certain program expenses of the Bond Bank. Additionally, a portion of the proceeds was used to pay capitalized interest on the Series 2008A Bonds through and including February 1, 2011.

Bond Series 2008B ($40,000,000) was used to purchase the City of Indianapolis Public Communications System and Computer Facilities District Bonds of 2008. A portion of the proceeds was used to pay the cost of issuance of the 2008B Bonds and related expenses. Additionally, a portion of the proceeds was used to pay 2008 Qualified Obligations, including the upgrading of certain Metropolitan Emergency Communications Agency (MECA) equipment and the refunding of the outstanding Indianapolis Local Public Improvement Bonds Bank Bond Series 2006B Notes.

Bond Series 2008C ($350,000,000) was used to purchase the Indianapolis Airport Authority Variable Rate Airport Revenue Bonds, Series 2008A (the "2008 Authority Bonds") to be issued by the Indianapolis Airport Authority. A portion of the proceeds was used to pay the cost of issuance of the 2008 Bonds and the 2008 Authority Bonds as well as certain program expenses of the Bond Bank.

Note Series 2008 A-B Warrants ($71,625,000) proceeds were used to provide cash advances to qualified entities in anticipation of receipt of ad valorem property taxes.

Note Series 2008 C-E Warrants ($126,150,000) proceeds were used to provide cash advances to qualified entities in anticipation of receipt of ad valorem property taxes.

OTHER SIGNIFICANT MATTERS

There were no matters noted that require additional discussion.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Bond Bank's finances. Questions concerning any of this information should be addressed to The Indianapolis Local Public Improvement Bond Bank, 200 East Washington Street, Suite 2342, Indianapolis, IN 46204.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

STATEMENTS OF NET ASSETS
December 31, 2008 and 2007

	2008	2007
ASSETS		
Current Assets:		
Cash and equivalents	$ 2,409,924	$ 2,153,564
Cash and equivalents-restricted	438,142,300	217,829,651
Interest receivable	79,495,478	58,702,466
Investments held by trustee, at fair value	1,063,960	318,244,501
Loans receivable from qualified entities	295,889,890	382,209,006
Receivables and advances to qualified entities-net of allowance for doubtful accounts of $0 in 2008 and $523,000 in 2007	2,290,010	3,086,170
Prepaid expenses and other assets	250,000	250,000
Total Current Assets	819,541,562	982,475,358
Noncurrent Assets:		
Loans receivable	3,584,045,858	3,116,494,303
Deferred debt issuance costs-net of accumulated amortization of $48,387,750 in 2008 and $43,759,009 in 2007	53,494,703	49,627,867
Total Noncurrent Assets	3,637,540,561	3,166,122,170
TOTAL ASSETS	$ 4,457,082,123	$ 4,148,597,528
LIABILITIES		
Current Liabilities:		
Interest payable	$ 83,596,024	$ 65,118,858
Accounts payable and accrued expenses	305,116	612,130
Funds held for qualified entities	154,551,700	80,368,892
Notes payable-current	370,319,073	251,758,862
Bonds payable-current	229,010,574	226,062,637
Total Current Liabilities	837,782,487	623,921,379
Noncurrent Liabilities:		
Notes payable	47,043,129	336,026,705
Bonds payable	3,569,890,289	3,186,162,413
Total Noncurrent Liabilities	3,616,933,418	3,522,189,118
Total Liabilities	4,454,715,905	4,146,110,497
NET ASSETS	2,366,218	2,487,031
TOTAL LIABILITIES AND NET ASSETS	$ 4,457,082,123	$ 4,148,597,528

See accompanying notes.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2008 and 2007

	2008	2007
OPERATING REVENUES		
Interest	$ 208,350,320	$ 166,004,402
Fees	3,873,926	3,389,252
Total Operating Revenues	212,224,246	169,393,654
OPERATING EXPENSES		
Interest	202,516,260	161,824,822
Amortization of debt issuance costs	4,628,741	4,080,712
Administrative costs	2,092,530	2,014,087
Total Operating Expenses	209,237,531	167,919,621
OPERATING INCOME	2,986,715	1,474,033
OTHER FINANCING USES		
Allowance and expenditures for the City	2,831,877	2,020,675
Allowance and expenditures for Union Station	275,651	792,098
Total Other Financing Uses	3,107,528	2,812,773
DECREASE IN NET ASSETS	(120,813)	(1,338,740)
NET ASSETS		
Beginning of Year	2,487,031	3,825,771
End of Year	$ 2,366,218	$ 2,487,031

See accompanying notes.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2008 and 2007

	2008	2007
OPERATING ACTIVITIES		
Fees received	$ 3,873,926	$ 3,389,252
Cash payments for salaries, administrative and other expenses	(2,399,544)	(1,781,083)
Net Cash Provided by Operating Activities	1,474,382	1,608,169
INVESTING ACTIVITIES		
Maturities of loans to qualified entities	496,955,660	311,353,438
Issuance of loans to qualified entities	(878,544,645)	(651,151,799)
(Increase) decrease in investments	391,363,349	(203,381,618)
Increase in restricted cash and equivalents	(220,312,649)	(103,276,983)
Interest received on loans and investments	187,557,308	172,053,583
Net Cash Used by Investing Activities	(22,980,977)	(474,403,379)
NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from debt issuance	677,452,207	1,095,812,735
Debt issuance costs	(10,048,927)	(8,717,125)
Principal payments to reduce indebtedness	(461,199,665)	(445,711,327)
Transfers and expenditures for qualified entities	(401,566)	(1,651,791)
Interest paid on bonds and note payable	(184,039,094)	(166,420,328)
Net Cash Provided by Non-Capital Financing Activities	21,762,955	473,312,164
NET INCREASE IN CASH AND EQUIVALENTS	256,360	516,954
CASH AND EQUIVALENTS		
Beginning of Year	2,153,564	1,636,610
End of Year	$ 2,409,924	$ 2,153,564
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating income	$ 2,986,715	$ 1,474,033
Adjustments to reconcile operating income to net cash provided by operating activities:		
Amortization of debt issuance costs	4,628,741	4,452,465
Change in accounts payable	(307,014)	233,004
Interest income	(208,350,320)	(166,004,402)
Interest expense	202,516,260	161,453,069
Net Cash Provided by Operating Activities	$ 1,474,382	$ 1,608,169

See accompanying notes.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: The Indianapolis Local Public Improvement Bond Bank (the Bond Bank) was created in 1985 under applicable State of Indiana statutes. The Bond Bank is an instrumentality of the City of Indianapolis (City) but is not a City agency and has no taxing power. It has separate corporate and sovereign capacity and its board is composed of five directors appointed by the Mayor of the City.

The Bond Bank is authorized to buy and sell securities for the purpose of providing funds to the following qualified entities:

- City of Indianapolis, including all special taxing districts thereof
- Marion County, Indiana
- Health and Hospital Corporation of Marion County
- Indianapolis Public Transportation Corporation
- Indianapolis Airport Authority
- Indianapolis-Marion County Building Authority
- Capital Improvement Board of Managers (of Marion County, Indiana)
- Marion County Convention and Recreational Facilities Authority
- Indianapolis-Marion County Library
- Public Schools Chartered by the Mayor of Indianapolis
- Fort Harrison Reuse Authority

The Bond Bank enables the qualified entities to issue debt, in some circumstances, at a lower cost of borrowing and on more favorable terms than would be possible by financing on their own. To accomplish its purpose, the Bond Bank may issue its own bonds or notes. It also has general powers to enter into, make, and perform contracts of every lawful kind to accomplish its purpose.

Bonds and notes are issued by the Bond Bank to provide funds to loan to the qualified entities and are limited obligations of the Bond Bank. They are secured and payable solely from principal and interest payments received by the Bond Bank on loans to qualified entities (evidenced by bonds and notes issued by the qualified entities) that were made from proceeds of the issuance of particular bonds or notes, and in certain issues, from designated funds and earnings held in trust. Owners of the Bond Bank bonds and notes have a claim solely against the payments received on the respective loans to qualified entities made by the Bond Bank with proceeds from the issuance of particular bonds or notes (and other funds held in trust when applicable) and have no claims or rights against any other assets held by the Bond Bank.

Indiana statutes permit the Bond Bank to invest in securities authorized by its respective fiduciary documents. These investments include obligations of the U.S. Treasury and U.S. agencies, commercial paper, certificates of deposit, repurchase agreements, passbook savings, money market deposit accounts, guaranteed investment contracts and negotiable order of withdrawal accounts. Repurchase agreements are required to be fully collateralized by interest-bearing obligations as determined by the current market value computed on the day the agreement is effective.

Basis of Presentation and Accounting: The Bond Bank is accounted for as a Proprietary Fund. A Proprietary Fund is used to account for an operation where periodic determination of revenues earned, expenses incurred, and net income on an accrual basis is appropriate (accrual method). Accordingly, the Bond Bank recognizes revenues in the period earned and expenses in the period incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Bond Bank has adopted Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting.* Pursuant to this pronouncement, the Bond Bank is required to apply all applicable GASB pronouncements as well as any Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. As permitted by GASB No. 20, the Bond Bank has elected not to comply with the FASB Statements and Interpretations issued subsequent to November 30, 1989.

The Bond Bank has also adopted GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis-For State and Local Government.* GASB Statement No. 34 requires a specific presentation for the Bond Bank's financial statements in addition to the section for Management's Discussion and Analysis as supplementary information to precede the financial statements.

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash Equivalents: The Bond Bank considers all investments in commercial paper, certificates of deposit, repurchase agreements, passbook savings and money market deposits with original maturities of three months or less to be cash equivalents.

Investments: All investments are reflected at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Specifically, money market funds and secured investment agreements are reflected at cost (which approximates fair value) while U.S. Government obligations are based upon quoted market prices. Changes in the fair value of investments are included in the statement of revenues, expenses and changes in net assets.

Loans to Qualified Entities: Loans to qualified entities are recorded at cost and adjusted for amortization of discounts/premiums on a basis that approximates a constant rate of return over the remaining life of the loan.

Deferred Debt Issuance Costs: Costs related to the issuance of debt, including original issue discounts and premiums, are capitalized and amortized over the term of the respective debt issue on a basis that approximates a constant effective interest rate.

Defeasance of Debt: Subject to specific covenants with bond or note holders, the Bond Bank considers debt to be defeased when cash or other assets are deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on a specific obligation. The related liability and assets held in trust for the related bonds are removed from the financial statements.

The difference between the cost of escrowed funds to defease debt and the net carrying amount of defeased debt is amortized as a component of interest expense over the life of the new debt or the defeased debt, whichever is shorter.

Interest Rate Swap Agreements: The Bond Bank enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes: The Bond Bank is exempt from federal and state income taxes.

Reclassifications: Certain items in the 2007 financial statements have been reclassified to conform to the 2008 presentation.

NOTE 2 - CASH AND INVESTMENTS

Proceeds of certain note and bond issues are invested with various banks in their capacity as trustees under trust agreements executed concurrently with the indentures and are pledged to the repayment of certain notes payable and bonds payable. The Bond Bank Act permits funds to be invested as provided in trust indentures executed by the Bond Bank and based on resolutions of its Board of Directors.

The Bond Bank's cash and investments at December 31, 2008, are summarized as follows:

	Cost	Fair Value
U.S. Government agency obligations	$ 43,536,993	$ 43,536,993
Investments not subject to categorization:		
Money market funds	394,605,307	394,605,307
Guaranteed investment contracts	1,063,960	1,063,960
Cash	2,409,924	2,409,924
Total Cash and Investments	$441,616,184	$441,616,184

The Bond Bank's cash and investments at December 31, 2007, are summarized as follows:

	Cost	Fair Value
U.S. Government agency obligations	$ 35,801,058	$ 35,801,058
Investments not subject to categorization:		
Money market funds	171,738,175	171,738,175
Guaranteed investment contracts	328,534,919	328,534,919
Cash	2,153,564	2,153,564
Total Cash and Investments	$538,227,716	$538,227,716

Funds deposited under investment agreements with banks and insurance companies earn a fixed interest rate and generally expire upon extinguishment of the debt issues to which they relate. Funds deposited under investment agreements with banks and insurance companies are unsecured.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2008, the Bond Bank had the following investments and maturities:

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less Than 1**	**1-5**	**6-10**	**More Than 10**
U.S. Government agency obligations	$ 43,536,993	$ 43,536,993			
Guaranteed investment contracts	1,063,960	1,063,960			
	$ 44,600,953	$ 44,600,953			

Credit Risk Disclosure

The following table provides information on the credit ratings associated with the Bond Bank's investments at December 31, 2008:

Credit Ratings	S&P	Fitch	Moody's	Fair Value
U.S. Government agency Obligations	AAA	AAA	Aaa	$ 43,536,993
AIG GIC	A-	A	A3	1,063,960
Total Rated Investments				$ 44,600,953

Concentration of Credit Risk

There are no limits on the amount that may be invested in any one issuer. The following shows an investment in an issuer that represents 5% or more of the total cash and investments at December 31, 2008:

U.S. Government	10%

Funds deposited under secured investment agreements earn fixed rates of interest. A majority of these investments are for the Tax Anticipation Warrant Program. The agreements allow periodic withdrawals in order to meet the financing needs of this program and expire upon extinguishment of the related Warrant Program note payable.

NOTE 3 - LOANS TO QUALIFIED ENTITIES

All purchases of qualified obligations are authorized by the Board of Directors of the Bond Bank. Prior to being presented to the Board of Directors, an evaluation of each purchase is made by Bond Bank management and independent consultants. Repayment of these obligations by the qualified entities is funded by many sources, including property tax revenues and user fees.

The Bond Bank's loans to qualified entities at December 31, 2008 and 2007, represent loans in connection with certain original bond or note obligations as follows:

	2008	2007
Indianapolis-Marion County Building Authority Detention Center Bonds of 1989, maturing December 30, 2009 to 2012, with interest of 8.0%.	$ 6,325,000	$ 6,325,000
Health and Hospital Corporation of Marion County Bonds of 1988, Series A, maturing June 30, 2009 to December 31, 2019, with interest of 7.4%.	17,750,000	18,235,000
Indianapolis Marion County Building Authority Bonds of 1990, Series A, matured February 1, 2008.		2,830,000
City of Indianapolis Redevelopment District Bonds, Series 1991 A, maturing February 1, 2009 to 2020, with interest on current interest bonds of 6.0%; yields on capital appreciation bonds ranging 7.2% to 7.25%.	35,190,000	37,195,000
Indianapolis Marion County Building Authority Bonds of 1991, Series B, matured February 1, 2008.		805,000
Marion County Convention and Recreational Facilities Authority Bonds of 1991, Series C, maturing January 1, 2009 to 2017, with interest of 5.5%.	98,730,000	98,710,000
Indianapolis-Marion County Building Authority Bonds, City of Indianapolis Redevelopment District Tax Increment Revenue Bonds of 1992, Series A, maturing February 1, 2009 to 2014, with interest ranging from 6.75% to 6.8%. Partial refunding of $55,000,000 from City of Indianapolis Redevelopment District Subordinate Limited Recourse Refunding Note, Series 1998 A, representing amounts maturing February 1, 2022, and partial refunding of $2,000,000 from City of Indianapolis Redevelopment District Subordinate Tax Increment Revenue Bonds Series 2002 A, representing amounts maturing February 1, 2012, 2013, 2014.	76,230,000	84,265,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2008	2007
City of Indianapolis Sanitary District Bonds of 1993, Series A, maturing January 1, 2009 to 2013, with interest ranging from 5.75% to 5.9%. Partial refunding of $27,805,000 from City of Indianapolis Sanitary District Refunding Bonds of 2007, Series A, representing amounts maturing January 1, 2018.	$20,850,000	$24,020,000
City of Indianapolis Flood Control District Bonds of 1993, Series A, maturing January 1, 2009 to 2013, with interest ranging from 5.75% to 5.9%. Partial refunding of $5,515,000 from City of Indianapolis Flood Control District Refunding Bonds of 2007, Series A, representing amounts maturing January 1, 2018.	4,130,000	4,130,000
City of Indianapolis Park District Refunding Bonds of 1993, Series A, matured January 1, 2008, with interest of 5.7%.		2,145,000
City of Indianapolis Park District Bonds of 1993 Series A, maturing January 1, 2009 to 2013, with interest ranging from 5.75% to 5.9%. Partial refunding of $11,835,000 from City of Indianapolis Park District Refunding Bonds of 2007, Series A, representing amounts maturing January 1, 2018.	8,880,000	8,880,000
City of Indianapolis Metropolitan Thoroughfare District Refunding Bonds of 1993, Series A, matured January 1, 2008, with interest of 5.7%.		3,230,000
City of Indianapolis Metropolitan Thoroughfare District Bonds of 1993, Series A, maturing January 1, 2009 to 2013, with interest ranging from 5.75% to 5.9%. Partial refunding of $21,195,000 from City of Indianapolis Metropolitan Thoroughfare District Refunding Bonds of 2007, Series A, representing amounts maturing January 1, 2018.	15,895,000	15,895,000
City of Indianapolis Redevelopment District Bonds of 1993, Series A, maturing January 1, 2009 to 2013, with yields on capital appreciation bonds ranging from 6.1% to 6.3%.	31,830,000	34,881,896
City of Indianapolis Sanitary District Project Bonds, Series 1995 A, maturing January 1, 2009 to 2015, with interest ranging from 5.0% to 5.25%.	3,435,000	3,835,000
City of Indianapolis Redevelopment District Project Bonds, Series 1995 A, maturing January 1, 2009 to 2015, with interest ranging from 5.0% to 5.25%.	1,775,000	1,980,000
City of Indianapolis Flood Control District Project Bonds, Series 1995 A, maturing January 1, 2009 to 2015, with interest ranging from 5.0% to 5.25%.	1,205,000	1,345,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2008	2007
Indianapolis-Marion County Building Authority Bonds, Series 1997 A, maturing January 1, 2009 to 2017, with interest ranging from 7.2% to 7.5%.	$ 6,710,000	$ 7,210,000
City of Indianapolis Taxable Parks Project Revenue Refunding Bonds, Series 1998 A, maturing January 15, 2009 to 2013, with interest ranging from 6.75% to 6.8%.	1,125,000	1,310,000
City of Indianapolis Sanitary District Bonds, Series 1998 A, maturing January 1, 2009 to 2019. No interest charged through December 31, 1999, and 3.5% thereafter to maturity. Aggregate principal amount limited to $23,000,000. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	15,105,000	16,215,000
Capital Improvement Board of Managers of Marion County Excise Taxes Revenue Bonds and Notes, Series 1999 A, maturing June 1, 2009 to 2021, with interest ranging from 4.5% to 5.0% .	24,570,000	28,195,000
Indianapolis Public Transportation Corporation General Obligation Bonds, Series 1998 A, maturing June 1, 2009 to 2015, with interest ranging from 4.5% to 5.0%.	9,020,000	9,020,000
Indianapolis Public Safety Communications Systems and Computer Facilities District Bonds, Series 1999 A, maturing January 1, 2009 to 2010, with interest ranging from 5.1% to 5.2%.	4,295,000	6,295,000
City of Indianapolis Redevelopment District Subordinate Tax Increment Revenue and Refunding Bonds Series 1999 A, maturing February 1, 2009 to 2029, with interest ranging from 4.8% to 5.0%; yields on capital appreciation bonds ranging from 5.65% to 5.82%.	245,335,000	247,525,000
City of Indianapolis Sanitary District Bond, Series 2000 A, maturing January 1, 2009 to 2021. No interest charged through June 30, 2001, and 3.5% thereafter to maturity. Aggregate principal amount limited to $32,000,000. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	21,151,269	21,983,607
City of Indianapolis Sanitary District Revenue Bonds Series 2000 B, maturing January 1, 2009 to 2010, with interest at 5.0%. Partial refunding of $6,785,000 from Sanitary District Revenue Refunding Bonds Series 2007 I, representing amounts maturing January 1, 2021, with interest ranging from 4.75% to 6.0%.	860,000	1,185,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2008	2007
City of Indianapolis Transportation Refunding Revenue Bonds, Series 2001, maturing January 1, 2009 to July 1, 2010, with interest ranging from 5.0% to 5.5%.	$ 8,965,000	$13,115,000
City of Indianapolis, Indiana Enhanced Emergency Telephone System Revenue Bonds, Series 2001, maturing January 1, 2009 to July 1, 2011, with interest of 5.0%.	4,665,000	6,075,000
City of Indianapolis, Indiana Sanitary District Revenue Bonds of 2001, Series, maturing January 1, 2009 to January 1, 2023, with an interest rate of 4.0%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	33,324,072	34,968,767
City of Indianapolis, Waterworks Revenue Bonds, Series 2002A, maturing July 1, 2009 to January 1, 2014, with interest ranging from 4.25% to 5.5%. Partial refunding of $377,635,000 from City of Indianapolis Waterworks Revenue Bonds Series 2005 G, representing amounts maturing July 1, 2025; partial refunding of $82,365,000 from City of Indianapolis Waterworks Net Refunding Revenue Bonds Series 2006 A, representing amounts maturing January 1, 2022; and partial refunding of $76,235,000 from City of Indianapolis Waterworks District Net Revenue Refunding Bonds Series 2007 B, representing amounts maturing January 1, 2025, with interest at 5.125%.	35,935,000	39,720,000
Indianapolis Public Transportation Corporation General Obligation Bonds, Series 2002, maturing January 10, 2009 to January 10, 2017, with interest ranging from 3.5% to 5.13%.	4,100,000	4,100,000
City of Indianapolis, Indiana Sanitary District Revenue Bonds of 2002 B Series, maturing January 1, 2009 to January 1, 2024, with an interest rate of 4.0%. All funds remain in trust with the State of Indiana until disbursement request are processed by the State.	34,315,432	35,864,492
City of Indianapolis Redevelopment District Annual Appropriation Revenue Bonds, Series 2002, maturing February 1, 2009 to 2012, with interest ranging from 3.35% to 3.85%.	1,760,000	2,160,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2008	2007
City of Indianapolis Subordinate District Tax Increment Refunding Bonds Series 2002 A, maturing February 1, 2009 to February 1, 2020, with an interest rate based on a weekly prime rate index, as defined. The effective interest rate cannot exceed 10% per annum. Subject to a swap agreement.	$128,455,000	$128,685,000
City of Indianapolis Subordinate District Tax Increment Refunding Bonds Series 2002 B, maturing February 1, 2012 to February 1, 2029, with interest ranging from 3.9% to 5.0%.	29,365,000	29,365,000
Marion County, Indiana Limited Recourse Notes, Series 2003 A, matured March 1, 2008.		7,076,424
City of Indianapolis Airport Authority Revenue Bonds, Series 2003 A, maturing January 1, 2009 to January 1, 2033, with interest ranging from 4.63% to 5.63%.	102,980,000	105,835,000
City of Indianapolis-Marion County Building Authority Arrestee Processing Center Lease Rental Revenue Bonds of 2003, maturing January 15, 2009 to January 15, 2023, with interest ranging from 3.0% to 5.0%.	10,255,000	10,755,000
City of Indianapolis General Obligation Refunding Bonds, with Series 2003, matured January 2008.		390,000
City of Indianapolis, Park District Refunding Bonds, Series 2003 A, maturing January 1, 2009 to January 1, 2018, with interest ranging from 4.5% to 5.25%.	4,421,000	4,893,000
City of Indianapolis, Metropolitan Thoroughfare District Bonds, Series 2003 A, maturing January 1, 2009 to January 1, 2018, with interest ranging from 4.5% to 5.25%.	2,260,000	2,575,000
City of Indianapolis, Metropolitan Thoroughfare District Refunding Bonds, Series 2003A, maturing January 1, 2009 to January 1, 2018, with interest ranging from 4.5% to 5.25%.	7,923,000	10,586,000
City of Indianapolis, Sanitary District Refunding Bonds, Series 2003 A, maturing January 1, 2009 to January 1, 2018, with interest ranging from 4.5% to 5.25%.	10,399,000	11,118,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2008	2007
City of Indianapolis, Flood Control District Refunding Bonds, Series 2003A, maturing January 1, 2009 to January 1, 2018, with interest ranging from 4.5% to 5.25%.	$ 2,067,000	$ 4,407,000
City of Indianapolis-Marion County Public Library General Obligation Refunding Bonds, Series 2003, maturing on January 1, 2009, with interest at 4.5%.	275,000	811,000
City of Indianapolis IndyRoads Revenue Bonds, Series 2003, maturing January 1, 2009 to 2019, with interest ranging from 3.25% to 5.0%.	15,930,000	17,130,000
City of Indianapolis, Waterworks District Improvement, Series 2004, maturing July 1, 2035 to January 1, 2036, bearing interest at an auction rate.	50,000,000	50,000,000
City of Indianapolis, Circle Block Project, Series 2004 B, maturing April 1, 2009 to April 1, 2030, with an interest rate adjusted weekly. The Series 2004 B Bonds may be converted to a fixed rate.	9,900,000	8,700,000
City of Indianapolis, Circle Block Project, Series 2004 C, maturing April 1, 2009 to 2039, with interest ranging from 3.5% to 5.38%.	19,490,000	19,550,000
City of Indianapolis, Fall Creek Project, Series 2004 A, maturing February 1, 2009 to February 1, 2028, with interest ranging from 3.55% to 5.4%.	12,450,000	12,600,000
City of Indianapolis, Sanitary District Bonds, Series 2004 A, maturing January 1, 2009 to January 1, 2024, with an interest rate of 3.58%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	7,327,000	7,662,000
City of Indianapolis, Sanitary District Bonds, Series 2004 B, maturing January 1, 2009 to January 1, 2026, with an interest rate of 4.13%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	22,179,821	22,820,610
City of Indianapolis Airport Authority Revenue Bonds, Series 2004 A, maturing January 1, 2009 to 2034, with interest ranging from 4.75% to 5.25%.	212,460,000	215,675,000
City of Indianapolis, Sanitary District Bonds Series 2004 J, maturing January 1, 2009 to January 1, 2026, with an interest rate of 3.69%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	62,425,920	58,459,502

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2008	2007
City of Indianapolis Simon Notes Series 2004 A, maturing February 1, 2016, with an interest rate indexed to LIBOR.	$ 1,353,169	$ 3,353,169
City of Indianapolis Simon Notes Series 2004 B, maturing February 1, 2009, to August 1, 2014, with an interest rate indexed to LIBOR.	9,185,000	11,225,000
City of Indianapolis Simon Notes Series 2004 C, maturing February 1, 2010 to August 1, 2014, with an interest rate indexed to LIBOR.	17,600,000	17,600,000
City of Indianapolis, Pension Bonds of 2005, Series A maturing January 15, 2009 to January 15, 2022, with an interest rate ranging from 3.98% to 5.28%.	92,695,000	97,610,000
City of Indianapolis Airport Authority Revenue Bonds, Series 2005 A, maturing January 1, 2023 to 2033, with an interest rate ranging from 4.75% to 5.25%.	197,385,000	197,385,000
Health and Hospital Corporation of Marion County Series 2005, maturing January 1, 2009 to January 1, 2025, with an interest rate ranging from 3.5% to 5.25%.	25,770,000	26,140,000
City of Indianapolis Waterworks District Net Revenue Refunding Bonds, Series 2005 F, maturing January 1, 2009 to January 1, 2029, with an interest rate ranging from 3.5% to 5.0%.	70,210,000	70,255,000
City of Indianapolis Waterworks District Net Revenue Refunding Bonds, Series 2005 G, maturing January 1, 2009 to January 1, 2035, with interest at a variable weekly rate, subject to a swap agreement.	387,305,000	388,100,000
City of Indianapolis Waterworks District Net Revenue Bonds, Series 2005 H, maturing July 1, 2036 to January 1, 2037, with interest at a variable weekly rate, subject to a swap agreement.	47,810,000	47,810,000
City of Indianapolis Fall Creek Notes Series 2005 A, maturing August 10, 2010, with an interest rate of LIBOR plus 96 basis points.	3,184,787	2,888,844
City of Indianapolis Redevelopment District Limited Recourse Notes Series 2005 B, maturing August 10, 2010, with an interest rate of LIBOR plus 95 basis points.	2,750,000	2,698,135

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2008	2007
City of Indianapolis Redevelopment District Limited Recourse Notes Series 2005 C, maturing August 1, 2010, with an interest rate of 3.85%.	$ 2,426,101	$ 2,233,601
Marion County Family & Children Fund Series 2006, maturing January 15, 2009, with interest at 4.44%.	33,360,000	33,360,000
City of Indianapolis, Sanitary District Bonds, Series 2005 A, maturing January 1, 2009 to 2027, with an interest rate of 2.9%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	66,628,248	56,105,144
City of Indianapolis, Waterworks District Net Refunding Revenue Bonds, Series 2006A, maturing January 1, 2016 to 2022, with an interest rate of 5.5%.	77,830,000	77,830,000
City of Indianapolis, Facilities Revenue Bonds, Series 2006, maturing January 15, 2009 to July 15, 2021, with interest ranging from 4.0% to 5.0%.	15,595,000	16,275,000
City of Indianapolis, Stormwater District Revenue Bonds, Series 2006 A, maturing January 1, 2009 to 2026, with interest ranging from 4.0% to 5.0%.	43,430,000	43,430,000
City of Indianapolis, Sanitary District Revenue Bonds, Series 2006 A, maturing January 1, 2009 to 2028, with an interest rate of 3.08%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	30,634,949	23,667,785
Indianapolis Airport Authority Revenue Bonds, Series 2006 A, maturing January 1, 2009 to 2037, with interest ranging from 4.0% to 5.25%.	346,425,000	346,995,000
Indianapolis Airport Authority Taxable Airport Revenue Bonds, Series 2006 B, maturing January 1, 2009 to 2013, with a fixed interest rate ranging from 5.44% to 5.59%.	39,115,000	42,790,000
City of Lawrence, (Fort Harrison Reuse Authority), Fort Harrison Military Base Reuse District Tax Increment Bonds, Series 2006, maturing February 1, 2009 to 2026, with a fixed interest rate ranging from 4.0% to 5.0%.	10,905,000	11,310,000
City of Indianapolis, Sanitary District Revenue Bonds, Series 2006 B, maturing January 1, 2009 to 2028, with an interest rate of 2.9%.	16,120,925	11,607,325

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2008	2007
MECA Bond Anticipation Notes of 2006, dated December 22, 2006, refunded by Bond Series 2008B.		$ 33,094,448
2006 City Vehicle Lease, maturing November 3, 2011, with interest at 3.94%.	$ 4,759,986	6,276,905
IndyGo Ban Note, paid in 2008.		4,235,340
City of Indianapolis, Redevelopment District Notes, Series 2006 C, maturing December 22, 2011, with an interest rate of 1.344% at December 31, 2008.	2,527,581	1,374,028
City of Indianapolis, Sanitary District Revenue Bonds, Series 2007 A, maturing January 1, 2009 to January 1, 2027, with interest ranging from 3.0% to 5.0%.	33,160,000	33,160,000
City of Indianapolis, Waterworks District Net Revenue Refunding Bonds, Series 2007 B, maturing January 1, 2022 to 2025, with an interest rate of 5.25%.	70,410,000	70,410,000
City of Indianapolis, Taxable Economic Development Revenue Bonds, Series 2007 C, maturing June 1, 2009 to 2035, with an interest rate of 5.903%.	74,050,000	74,050,000
City of Indianapolis, Flood Control District Refunding Bonds, Series 2007 A, maturing January 1, 2009 to 2018, with an interest rate of 5.0%.	5,660,000	5,735,000
City of Indianapolis, Metropolitan Thoroughfare District Refunding Bonds, Series 2007 A, maturing January 1, 2009 to 2018, with an interest rate of 5.0%.	21,770,000	22,060,000
City of Indianapolis, Park District Refunding Bonds, Series 2007 A, maturing January 1, 2009 to 2018, with an interest rate of 5.0%.	12,160,000	12,320,000
City of Indianapolis, Sanitary District Refunding Bonds, Series 2007 C, maturing January 1, 2009 to 2018, with an interest rate of 5.0%.	28,570,000	28,950,000
City of Indianapolis, Sanitary District Revenue Bonds, Series 2007 E, maturing January 1, 2009 to 2027, with an interest rate of 4.4%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	2,971,857	
City of Indianapolis, Redevelopment District Tax Increment Refunding Revenue Bonds, Series 2007 A, maturing February 1, 2009 to February 1, 2021, with interest ranging from 4.0% to 4.125%.	9,000,000	9,910,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2008	2007
City of Indianapolis, Taxable Economic Development Revenue Bonds, 2007 (Glendale Mall), maturing August 1, 2010 to February 1, 2027, with interest ranging 5.64% to 6.21%.	$ 5,250,000	$ 6,000,000
City of Indianapolis, Sanitary District Net Revenue Refunding Bonds, Series 2007 I, maturing January 1, 2009 to 2021, with interest ranging from 4.0% to 4.75%.	7,365,000	7,365,000
City of Indianapolis, Taxable Economic Development Revenue Bonds, Series 2007 (PRF Accelerator), maturing February 1, 2009 to 2023, with an interest rate of 6.2%.	5,200,000	5,200,000
City of Indianapolis, Waterworks District Net Revenue Bonds, Series 2007A, maturing January 1, 2026 to 2027, with an interest rate of 4.75%.	1,500,000	1,500,000
City of Indianapolis, Waterworks District Net Revenue Bonds, Series 2007B, maturing July 1, 2009 to January 1, 2038, with interest ranging 3.75% to 5.25%.	104,500,000	104,500,000
Facilities Revenue Bonds of 2007, maturing January 15, 2009 to 2021, with interest ranging 3.75% to 4.13%.	3,450,000	3,450,000
Lighthouse Academies Inc. of Indiana, Charter Schools Financing Notes of 2007, dated March 30, 2007, maturing January 1, 2009 to March 30, 2014, with an interest rate of 4.465%.	3,520,681	3,317,237
City of Indianapolis, Redevelopment Notes of 2007 (Ertel), dated August 30, 2007, maturing September 25, 2009, with an interest rate of 5.07%.	4,142,396	4,055,822
City of Indianapolis, Limited Recourse County Option Income Tax Revenue Anticipation Notes, Series 2007 A, dated September 4, 2007, matured October 2, 2008.		10,684,897
Series 2007 J-M dated December 27,2007, repaid in 2008.		87,101,472
Series 2007 A Tax Revenue Note, dated April 26, 2007, maturing November 10, 2011, with an interest rate of 3.79%	686,296	920,000
Series 2007 B Tax Revenue Note dated June 1, 2007, maturing November 10, 2011, with interest at 3.59%.	1,094,887	1,440,000
City of Indianapolis, Park District Bonds, Series 2007 B, maturing January 1, 2009 to 2013, with an interest rate of 0%.	499,000	

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2008	2007
City of Indianapolis, Metropolitan Thoroughfare District Bonds, Series 2007 B, maturing January 1, 2009 to 2013, with an interest rate of 0%.	$ 893,000	
City of Indianapolis, Flood Control District Bonds, Series 2007 B, maturing January 1, 2009 to 2013, with an interest rate of 0%	233,000	
County Option Income Tax Revenue Anticipation Notes, Series 2007 B, dated December 20, 2007, maturing January 12, 2009, with an interest rate of 4.0%.	25,000,000	$ 25,000,000
City of Indianapolis, Redevelopment District Bonds, Series 2008A, maturing August 1, 2011 to February 1, 2038, with interest ranging from 3.25% to 5.0%.	59,450,000	
City of Indianapolis, Sanitary District Bonds, Series 2007 D, maturing January 1, 2009 to 2013, with an interest rate of 0%.	1,172,000	
City of Indianapolis, MECA General Obligation Bonds, Series 2008B, maturing July 15, 2009 to January 15, 2024, with interest ranging from 2.35% to 5.60%.	40,000,000	
City of Indianapolis, Indianapolis Airport Authority Bonds, Series 2008C, maturing January 1, 2012 to 2037, bearing interest at average rate, subject to swap agreement.	350,000,000	
Series 2008 C-E dated November 26, 2008, maturing and June 1, 2009, with interest at 1.15%.	125,952,243	
	4,026,689,620	3,645,521,450
Less: Unamortized discount/premium	(146,753,872)	(146,818,141)
	3,879,935,748	3,498,703,309
Less: Current Portion of Loans Receivable	(295,889,890)	(382,209,006)
Long-term Portion of Loans Receivable	$3,584,045,858	$3,116,494,303

All of the loans to qualified entities are registered in the Bond Bank's name and are either serial, term, or serial and term maturities.

NOTE 4 - BONDS AND NOTES PAYABLE

The Bond Bank's bonds payable at December 31, 2008 and 2007, are summarized as follows:

	2008	2007
Series 1991 A Bonds, maturing February 1, 2009 to 2014, with yields on capital appreciation bonds ranging from 7.2% to 7.25%. These bonds were partially defeased in 2001.	$ 14,435,000	$ 16,480,000
Series 1991 C Bonds, maturing January 1, 2010, with yields on capital appreciation bonds of 7.2%.	9,275,000	9,275,000
Series 1992 B Bonds, maturing January 10, 2009 to January 1, 2020, with an interest rate of 6.0%.	25,945,000	28,135,000
Series 1992 D Bonds, maturing February 1, 2009 to 2014, with interest ranging from 6.75% to 6.8%. During 1998, defeased $55,000,000 of amounts maturing February 1, 2022; during 1999, defeased $2,000,000 of amounts maturing February 1, 2012, 2013, and 2014; and during 2002, defeased $125,335,000 of amounts maturing February 1, 2015 to 2020.	76,230,000	84,265,000
Series 1993 A Bonds, maturing January 10, 2009 to 2013, with yields on capital appreciation bonds ranging from 6.1% to 6.3%. During 1998, defeased $148,615,000 of current interest bonds maturing January 10, 2006 through 2018. During 2003, defeased $39,300,000 of interest bonds maturing January 10, 2004 through 2018.	31,830,000	34,830,000
Series 1995 A Refunding Bonds, maturing January 1, 2009 to July 1, 2013, with interest ranging from 5.13% to 6.5%. The carrying value of the debt represents the $39,970,000 and $48,360,000 of the Series 1995 A Refunding Bonds outstanding at December 31, 2008 and 2007, respectively, net of unamortized loss on defeasance of $1,685,185 and $2,491,001 at December 31, 2008 and 2007, respectively. During 2004, $50,035,000 was refunded using the proceeds of Series 2004 F Bonds.	38,284,815	45,868,999
Series 1995 B Bonds, maturing February 1, 2009 to 2015, with interest ranging from 5.0% to 5.25%.	6,415,000	7,160,000
Series 1997 A Bonds, maturing January 15, 2009 to 2017, with interest ranging from 7.2% to 7.5%.	6,710,000	7,210,000
Series 1998 A Refunding Bonds, maturing February 1, 2009 to 2013, with interest ranging from 5.25% to 6.0%. The carrying value of the debt represents the $52,655,000 and $65,410,000 of the Series 1998 A Refunding Bonds outstanding at December 31, 2008 and 2007, respectively, net of unamortized loss on defeasance of $744,186 and $1,096,919 at December 31, 2008 and 2007, respectively.	51,910,814	64,313,081

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2008	2007
Series 1998 B Refunding Bonds, maturing January 15, 2009 to 2013, with interest ranging from 6.75% to 6.8%.	$ 1,125,000	$ 1,310,000
Series 1998 E Bonds, maturing January 1, 2009 to 2019. No interest charged through December 30, 1999, and thereafter at 3.5%. Aggregate principal amount limited to $23,000,000.	15,105,000	16,215,000
Series 1999 B Bonds, maturing June 1, 2009 to 2021, with interest on current interest bonds ranging from 4.5% to 5.0% .	24,570,000	28,195,000
Series 1999 C Refunding Bonds, maturing January 10, 2009 to 2016, with interest ranging from 4.5% to 5.0%.	9,020,000	9,825,000
Series 1999 D Bonds, maturing January 1, 2009 to 2010, with interest ranging from 5.1% to 5.2%.	4,295,000	6,295,000
Series 1999 E Refunding Bonds, maturing February 1, 2008 to 2029, with interest on current interest bonds ranging from 4.8% to 5.0%; yields on capital appreciation bonds ranging from 5.65% to 5.82%. During 2002, defeased $27,000,000 of amounts maturing February 1, 2029.	245,335,000	247,525,000
Series 2000 B Bonds, maturing January 1, 2009 to 2021, no interest charged through June 30, 2002, and 3.5% thereafter to maturity. Aggregate principal amount limited to $32,000,000.	21,151,269	21,983,607
Series 2000 C Bonds, maturing January 1, 2009 to 2010, with interest at 5.0%.	860,000	1,185,000
Series 2001 A Bonds, maturing January 1, 2009 to July 1, 2010, with interest ranging from 5.0% to 5.5%.	8,965,000	13,115,000
Series 2001 C Bonds, maturing February 1, 2009 to 2020, with interest ranging from 4.3% to 5.25%. The carrying value of the debt represents the $21,705,000 and $21,785,000 of the Series 2001 C Refunding Bonds outstanding at December 31, 2008 and 2007, respectively, net of unamortized loss on defeasance of $603,621 and $833,099 at December 31, 2008 and 2007, respectively.	21,101,379	20,951,901
Series 2001 D Bonds, maturing January 1, 2009 to July 1, 2011, with an interest rate of 5.0%.	4,665,000	6,075,000
Series 2001 E Bonds, maturing January 1, 2009 to 2023, with an interest rate of 4.0%.	33,324,072	34,968,767

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2008	2007
Series 2002 A Bonds, maturing January 1, 2009 to 2014, with interest ranging from 4.25% to 5.5% during 2007, Series 2006A refunded $82,365,000 of interest bonds maturing July 1, 2025 through 2035. The carrying value of the debt represents the $35,935,000 and $39,720,000 of the Series 2002 A Bonds outstanding at December 31, 2008 and 2007, respectively, net of unamortized gain on defeasance of $158,184 and $218,613 at December 31, 2008 and 2007, respectively.	$ 36,093,184	$ 39,938,613
Series 2002 C Bonds, maturing January 10, 2009 to 2017, with interest ranging from 3.5% to 5.13%.	4,100,000	4,315,000
Series 2002 D Bonds, maturing January 1, 2009 to 2024, with an interest rate of 4.0%.	34,315,432	35,864,492
Series 2002 E Bonds, maturing February 1, 2009 to 2012, with interest ranging from 3.35% to 3.85%.	1,760,000	2,160,000
Series 2002 F Bonds, maturing February 1, 2009 to 2020. Interest rate at issuance is based on a weekly prime rate index, as defined. However, the effective interest rate cannot exceed 10% per annum. Subject to a swap agreement (see Notes 6 and 7).	128,455,000	128,685,000
Series 2002 G Bonds, maturing February 1, 2012 to 2029, with interest ranging from 3.9% to 5.0%.	29,365,000	29,365,000
Series 2003 A Bonds, maturing January 1, 2009 to 2033, with interest ranging from 4.63% to 5.63%.	102,980,000	105,835,000
Series 2003 B Bonds, maturing January 15, 2009 to 2023, with interest ranging from 3.0% to 5.0%.	10,255,000	10,755,000
Series 2003 D Bonds, maturing January 10, 2009 to 2018, with interest ranging from 4.5% to 5.25%. The carrying value of the debt represents the $27,345,000 and $34,780,000 of the Series 2003 D Bonds outstanding at December 31, 2008 and 2007, respectively, net of unamortized loss on defeasance of $119,642 and $145,630 at December 31, 2008 and 2007, respectively.	27,225,358	34,634,370
Series 2003 E Bonds, maturing January 1, 2009 to 2019, with interest ranging from 3.25% to 5.0%.	15,930,000	17,130,000
Series 2004 A Bonds, maturing July 1, 2035, to January 1, 2036, bearing interest at an auction rate.	50,000,000	50,000,000
Series 2004 B Bonds, maturing April 1, 2009 to 2030, with an interest rate adjusted weekly (see Note 7).	9,900,000	9,900,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2008	2007
Series 2004 C Bonds, maturing April 1, 2009 to 2039, with interest ranging from 3.5% to 5.38%.	$ 19,490,000	$ 19,550,000
Series 2004 E Bonds, maturing February 1, 2009 to 2028, with interest ranging from 3.55% to 5.4%.	12,450,000	12,600,000
Series 2004 G Bonds, maturing January 1, 2009 to 2024. No interest charged through December 31, 2004, and thereafter at 3.58%. Aggregate principal amount limited to $8,600,000.	7,327,000	7,662,000
Series 2004 H Bonds, maturing January 1, 2009 to 2026. No interest charged through December 31, 2005, and thereafter at 4.13%. Aggregate principal amount limited to $25,000,000.	22,179,821	22,820,610
Series 2004 I Bonds, maturing January 1, 2009 to 2034, with interest ranging from 4.75% to 5.25%.	212,460,000	215,675,000
Series 2004 J Bonds, maturing January 1, 2009 to 2026, with an interest rate of 3.69%.	62,425,920	58,459,502
Series 2005 A Bonds, maturing January 15, 2009 to 2022, with interest ranging from 3.98% to 5.28%.	92,695,000	97,610,000
Series 2005 B Bonds, maturing January 1, 2023 to 2033, with interest ranging from 4.75% to 5.25%.	197,385,000	197,385,000
Series 2005 D Bonds, maturing January 1, 2009 to 2025, with interest ranging from 3.5% to 5.25%.	25,770,000	26,505,000
Series 2005 E Bonds, maturing January 1, 2009 to 2017, with interest ranging from 4.0% to 5.0%.	50,220,000	50,260,000
Series 2005 F Bonds, maturing January 1, 2009 to January 1, 2029, with interest ranging from 3.5% to 5.0%. The carrying value of the debt represents $70,210,000 and $70,255,000 of the Series 2005 F Bonds outstanding at December 31, 2008 and 2007, respectively, net of unamortized gain on defeasance of $991,764 and $1,143,354 at December 31, 2008 and 2007, respectively.	71,201,764	71,398,354
Series 2005 G Bonds, maturing January 1, 2009 to January 1, 2035, bearing interest at a weekly rate, subject to a swap agreement (see Notes 6 and 7).	387,305,000	388,100,000
Series 2005 H Bonds, maturing July 1, 2036 to January 1, 2037, bearing interest at a weekly rate, subject to a swap agreement (see Notes 6 and 7).	47,810,000	47,810,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2008	2007
Series 2005 I Bonds, maturing January 1, 2009 to 2027, with an interest rate at 2.9%.	$ 66,628,248	$ 56,105,144
Series 2006 A Bonds, maturing January 1, 2016 to 2022, with an interest rate at 5.5%.	77,830,000	77,830,000
Series 2006 B Bonds, maturing January 15, 2008 to July 15, 2021, with interest ranging from 4.0% to 5.0%.	15,595,000	16,275,000
Series 2006 D Bonds, maturing January 1, 2009 to 2026, with interest ranging from 4.0% to 5.0%.	43,430,000	43,430,000
Series 2006 E Bonds, maturing January 1, 2009 to 2028, with an interest rate of 3.08%.	30,634,949	23,667,785
Series 2006 F Bonds, maturing January 1, 2009 to 2037, with interest ranging from 4.0% to 5.25%.	346,425,000	346,995,000
Series 2006 G Bonds, maturing January 1, 2009 to 2013, with interest ranging from 5.44% to 5.59%.	39,115,000	42,790,000
Series 2006 H Bonds, maturing February 1, 2009 to 2026, with interest ranging from 4.0% to 5.0%.	10,905,000	11,310,000
Series 2006 I Bonds, maturing January 1, 2009 to 2028, with an interest rate of 2.9%.	34,750,000	34,750,850
Series 2007 A Bonds, maturing January 1, 2009 to 2027, with interest ranging from 3.0% to 5.0%.	33,160,000	33,160,000
Series 2007 B Bonds, maturing January 1, 2022 to 2025, with an interest rate of 5.25%. The carrying value of the debt represents $70,410,000 of the Series 2005 F Bonds outstanding at December 31, 2008 and 2007, net of unamortized gain on defeasance of $166,865 and $178,377 at December 31, 2008 and 2007, respectively.	70,576,865	70,588,377
Series 2007 C (Indianapolis Colts, Inc. Project), maturing June 1, 2009 to 2035, with an interest rate of 5.9%.	74,050,000	74,050,000
Series 2007 D, Refunding Bonds, maturing February 1, 2014 to 2018, with an interest rate of 5.0%.	68,160,000	69,065,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2008	2007
Series 2007 E, Refunding Bonds, maturing February 1, 2009 to 2021, with interest ranging from 4.0% to 4.125%. The carrying value of the debt represents $9,000,000 and $9,910,000 of the Series 2005 F Bonds outstanding at December 31, 2008 and 2007, respectively, net of unamortized gain on defeasance of $7,053 and $8,178 at December 31, 2008 and 2007, respectively.	$ 9,007,053	$ 9,918,178
Series 2007 F Bonds, maturing January 1, 2009 to 2027, with an interest rate of 4.4%.	80,557,000	80,557,000
Glendale Mall Taxable Bonds, 2007G, maturing February 1, 2009 to 2027, with interest ranging from 5.64% to 6.21%.	5,250,000	6,000,000
Series 2007 I, Refunding Bonds, maturing January 1, 2009 to 2021, with interest ranging from 4.0% to 4.75%. The carrying value of the debt represents $7,365,000 of the Series 2005 F Bonds outstanding at December 31, 2008 and 2007 net of unamortized gain on defeasance of $322 and $366 at December 31, 2008 and 2007, respectively.	7,365,322	7,365,366
Series 2007 K Bonds, maturing February 1, 2009 to 2023, with an interest rate of 6.2%.	5,200,000	5,200,000
Series 2007 L Bonds, maturing July 1, 2009 to January 1, 2038, with interest ranging from 4.0% to 5.25%.	106,000,000	106,000,000
Series 2007 M Bonds, maturing January 15, 2009 to July 15, 2021, with interest ranging from 3.75% to 4.13%.	3,450,000	3,450,000
Series 2008 A Bonds, maturing August 1, 2011 to February 1, 2038, with interest ranging from 3.25% to 5%.	59,450,000	
Series 2008 B Bonds, maturing July 15, 2009 to January 15, 2024, with interest ranging from 2.35% to 5.6%	40,000,000	
Series 2008 C Bonds, maturing January 1, 2012 to 2037, bearing interest at a weekly rate, subject to swap agreements (see Notes 6 and 7).	350,000,000	
	3,887,190,265	3,508,106,996
Plus: Deferred charges	1,828,446	3,017,760
	3,889,018,711	3,511,124,756
Less: Unamortized discount/premium	(90,117,848)	(98,899,706)
	3,798,900,863	3,412,225,050
Less: Current Portion of Bonds of Payable	(229,010,574)	(226,062,637)
Long-term Portion of Bonds Payable	$3,569,890,289	$3,186,162,413

All of the bonds issues listed above are either serial or serial and term maturities.

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

The Bond Bank's notes payable at December 31, 2008 and 2007, are summarized as follows:

	2008	2007
Limited Obligation Note, Series 2003 A, proceeds used to purchase the Marion County, Indiana Limited Recourse Notes, Series 2003 A, matured March 1, 2008.		$ 7,150,000
Series 2004 IndyGo Ban Note, repaid in 2008.		5,000,000
Series 2004 A–C, dated October 28, 2004, maturing February 1, 2009 to 2016, with interest indexed to LIBOR.	$ 28,138,169	32,178,169
Series 2005 A, dated August 1, 2005, maturing August 10, 2010, with interest at LIBOR plus 96 basis points.	3,184,787	2,888,844
Series 2005 B, dated August 1, 2005, maturing August 10, 2010, with interest at LIBOR plus 95 basis points.	2,750,000	2,698,135
Series 2005 C (Brokenburr), dated September 9, 2005, maturing August 1, 2010, with interest at 3.85%.	2,500,000	2,500,000
Series 2006 Marion County Family and Children Fund, dated August 23, 2006, maturing January 15, 2009, with interest at 4.44%.	33,360,000	33,360,000
Series 2006 B, dated August 18, 2006, matured December 31, 2008.		33,456,483
Series 2006 C Limited Obligation Notes, dated December 22, 2006, maturing December 22, 2011, with interest at 1.34% at December 31, 2008.	5,000,000	5,000,000
2006 City Vehicle Lease, dated November 10, 2006, maturing November 3, 2011, with interest at 3.94%.	4,759,986	6,276,905
Series 2007 F Limited Recourse Notes, dated December 20, 2007, maturing January 12, 2009, with an interest rate of 4.0%.	25,000,000	25,000,000
Series 2007 A Notes, dated March 30, 2007, maturing January 1, 2009 to March 30, 2014, with an interest rate of 4.465%.	3,520,681	3,611,209
Series 2007 E-H, dated June 1, 2007, matured January 8, 2008.		120,850,000
Series 2007 J-M, dated December 28, 2007, maturing January 8, 2009 with interest at 2.9%.	177,075,000	276,300,000
Series 2007 A Tax Revenue Note, dated April 26, 2007, maturing November 10, 2011, with an interest rate of 3.79%.	686,296	920,000
Series 2007 D Notes, dated August 30, 2007, maturing September 25, 2009, with an interest rate of 5.07%.	4,142,396	4,055,822

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2008	2007
Series 2007 E Limited Recourse Notes, dated September 4, 2007, matured October 2, 2008.		$ 11,000,000
Series 2007 B Tax Revenue Note, dated June 1, 2007, maturing November 10, 2011, with interest at 3.59%.	$ 1,094,887	1,440,000
Series 2007 I, dated June 1, 2006, repaid in 2008.		14,100,000
Series 2008 C-E dated November 26, 2008, maturing June 1, 2009, with interest at 1.15%.	126,150,000	
	417,362,202	587,785,567
Less: Current Portion of Notes Payable	(370,319,073)	(251,758,862)
Long-term Portion of Notes Payable	$ 47,043,129	$ 336,026,705

The faith, credit and taxing power of the City of Indianapolis or any political subdivision thereof are not pledged to the payment of principal and interest on these obligations. However, certain series of Bond Bank bonds were fully insured at December 31, 2008 and 2007, by private insurance policies.

The Tax Anticipation Warrant Notes are separately secured and payable solely from a trust estate attributable to that series of notes. The trust estate includes investments pledged under respective note indentures such as the secured investment agreements (refer to Note 2). The note indentures also require maintenance of various accounts and provide for the trustee to invest funds according to guidelines established by the note indentures.

Scheduled principal payments due on bonds and notes payable outstanding at December 31, 2008, are summarized as follows:

Payable In	Principal	Interest	Debt Service
2009	$ 599,329,647	$ 295,790,488	$ 895,120,135
2010	126,506,955	187,422,043	313,928,998
2011	134,273,778	181,836,416	316,110,194
2012	135,659,074	175,572,055	311,231,129
2013	142,180,617	169,123,045	311,303,662
2014-2018	700,932,469	746,679,087	1,447,611,556
2019-2023	676,651,207	595,930,903	1,272,582,110
2024-2028	701,172,165	455,807,000	1,156,979,165
2029-2033	616,365,000	314,993,486	931,358,486
2034-2038	470,620,000	117,638,175	588,258,175
2039-2041	2,690,000	70,613	2,760,613
	4,306,380,912	3,240,863,311	7,547,244,223
Less: Unamortized discount on bonds	(90,117,848)		(90,117,848)
	$4,216,263,064	$3,240,863,311	$7,457,126,375

NOTE 5 - DEFEASED DEBT

The outstanding balance of defeased debt which is not included in the financial statements amounted to $563,145,000 as of December 31, 2008 and $644,559,252 as of December 31, 2007.

NOTE 6 - SWAP AGREEMENTS

Objective of the Swaps: In order to protect against the potential of rising interest rates, the Bond Bank entered seven separate pay-fixed, receive-variable interest rate swaps

Terms, Fair Values, and Credit Risk: The terms, including, the fair values and credit ratings of the outstanding swaps as of December 31, 2008, are as follows. The notional amounts of the swap match the principal amounts of the associated debt. The Bond Bank's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximatel follow scheduled or anticipated reductions in the associated "bonds payable" category

Associated Bond Series	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counterparty Credit Rating S&P/ Moody's / Fitch
2002F-1 Bond - (a)	$ 64,227,500	2/1/2003	6.19%	68.32% of 5Y LIBOR	$ (18,697,933)	2/1/2020	AA-/Aaa/AA-
2002F-2 Bond - (b)	64,227,500	2/1/2003	6.19%	68.32% of 5Y LIBOR	(18,697,933)	2/1/2020	AA-/Aaa/AA-
2004C (Notes)	14,600,000	4/23/2003	4.27%	1 month LIBOR	(1,129,153)	2/1/2013	A/A1/A
2008C Bond	50,000,000	7/1/2008	3.79%	75% of 1 month LIBOR	(13,758,679)	1/1/2033	A/A2/NR
2005G Bond - (a)	278,550,734	11/17/2005	3.51%	67% of 1 month LIBOR	(77,273,646)	1/1/2035	AA-/Aaa/AA-
2005G Bond - (b)	108,754,266	11/17/2005	3.51%	67% of 1 month LIBOR	(30,507,859)	1/1/2035	A+/Aa1/AA-
2005H Bond	47,810,000	12/7/2005	3.53%	67% of 1 month LIBOR	(16,594,275)	1/1/2037	AAA/Aaa/NR
Total	$ 628,170,000				$ (176,659,478)		

Fair Value: Because interest rates declined, all swaps had a negative fair value as of December 31, 2008. The negative fair values may be countered by reductions in total interest payments require under the variable-rate bonds, creating lower synthetic interest rates. Because the coupons on the Bond Bank's variable-rate bonds adjust to changing interest rates, the bonds do not hav corresponding fair value increases.

Credit Risk: As of December 31, 2008, the Bond Bank was not exposed to credit risk because the swaps had negative fair values. However, should interest rates change and the fair values of the swap become positive, the Bond Bank would be exposed to credit risk in the amount of the derivatives' fair value

Although the Bond Bank executes swap transactions with various counterparties, approximately 65% of the notional amount of swaps outstanding are held by one counterpart That counterparty is rated AA-/Aaa/AA-. The remaining three swaps are held by three different counterparties.

Basis Risk: The Bond Bank is exposed to basis risk on the swaps when the variable payment received is based on an index other than SIFMA. As of December 31, 2008, the SIFMA rate was .9%, whereas 1 month LIBOR was .4362 % and 5 year LIBOR was 2.10%

Termination Risk : The Bond Bank or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. If any of the swaps are terminated, th associated variable-rate bonds would no longer carry synthetic interest rates. Also, if at the time of the termination the swap has a negative fair value, the Bond Bank would be liable to th counterparty for a payment equal to the swap's fair value

Rollover risk: The Bond Bank is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When these swaps terminat the Bond Bank will not realize the synthetic rate offered by the swaps on the underlying debt issues. The 2008 Series C and 2004 C (Notes) are exposed to termination risk since the swa termination date precedes the debt maturity date

NOTE 6 - SWAP AGREEMENTS (CONTINUED)

Swap Payments and Associated Debt: As of December 31, 2008, debt service requirements of the Bond Bank's outstanding variable rate debt and net swap payments, assuming current interest rates remain the same, for their term and there are no mandatory redemptions under a SBPA, are as follows:

	Variable- Rate Bonds			
Year Ending December 31	**Principal**	**Interest**	**Interest Rate, Swaps, Net**	**Total**
2009	$ 130,085,000	$ 34,645,718	$ 16,003,947	$ 180,734,665
2010	3,805,000	21,914,915	11,186,570	36,906,485
2011	6,185,000	47,749,185	23,283,488	77,217,673
2012	5,670,000	34,338,801	17,235,029	57,243,830
2013	5,890,000	33,974,999	15,014,553	54,879,552
2014-2018	9,385,000	156,781,606	74,747,827	240,914,433
2019-2023	11,040,000	128,134,782	64,763,561	203,938,343
2024-2028	113,229,360	110,724,369	60,370,868	284,324,597
2029-2033	226,210,640	65,179,152	55,623,684	347,013,476
2034-2037	116,670,000	11,979,284	15,878,173	144,527,457
Total	$ 628,170,000	$ 645,422,811	$ 354,107,700	$ 1,627,700,511

NOTE 7 - VARIABLE RATE DEMAND BONDS

Included in bonds payable is $128,455,000 of Series 2002 F-1 and F-2 variable rate demand bonds maturing serially at various dates from February 1, 2009 to February 1, 2020. The bonds are payable solely from the revenues and assets pledged to the payment thereof pursuant to the Bond Trust Indentures. The redemption schedule for these bonds is included in the bond redemption schedule.

The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days notice and delivery to the Bond Bank's remarketing agents. The remarketing agents are authorized to use their best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate.

The Bond Bank has entered into a Standby Purchase Agreement (SBPA) with JP Morgan Chase Bank, National Association (JP Morgan) to buy any bonds that are "put" back by the remarketing agents. Once these bonds are purchased by the SBPA provider, they are called "Bank Bonds". If the bonds are Bank Bonds for a period of 6 months from the purchase date, the Bank Bonds convert to an installment loan payable over a five-year period bearing an adjustable interest rate at the bank's rate per annum equal to (a) for the period from and including the Bank Purchase Date to and including the ninetieth day thereafter, the Prime Rate (b) from and including the ninety-first day immediately following the related Bank Purchase Date and thereafter, the Prime Rate plus 1% and (c) commencing on the one hundred and eighty-first day immediately following the Bank Purchase Date and thereafter, the Prime Rate plus 2%.

Effective January 1, 2009 the SBPA with JP Morgan was amended and the terms of the SBPA under the new agreement are as follows. Bank Bonds would bear interest at rate per annum equal to (a) for the period from and including the Bank Purchase Date to and including the ninetieth day thereafter the Base Rate from time to time in effect plus 1%, (b) commencing on the ninety-first day immediately following the Bank Purchase Date and thereafter, the Base Rate plus 2% and (c) commencing on the Tender Bank Purchase Period and thereafter the Base Rate plus 3%. Base Rate means, for any day a fluctuating rate per annum equal to the higher of (i) the Prime Rate, (ii) the three month LIBOR Index Rate plus 2.5% and (iii) 5%.

The SBPA expires on June 30, 2009. As a result, the entire principal amount of the Series 2002 F-1 and F-2 bonds have been classified as a current liability.

If the SBPA were to be exercised because any portion of demand bonds were "put" and not resold, the bonds shall be subject to mandatory redemption in equal semi-annual principal installments plus interest, so that such bonds are paid in full within five years.

The Bond Bank is required to pay an annual fee of 25 basis points of the outstanding principal amount of the bonds to the SBPA provider. Under the amended SBPA, the Bond Bank is required to pay an annual fee of 150 basis points of the outstanding principal amount of the bonds to the SBPA provider. In addition, the remarketing agents receive an annual fee based on the outstanding principal amount of the bonds.

Included in bonds payable is $387,305,000 of Series 2005 G-1, G-2 and G-3 variable rate demand bonds maturing serially at various dates from January 1, 2009 to January 1, 2035. The bonds are payable solely from the revenues and assets pledged to the payment thereof pursuant to the Bond Trust Indentures. The redemption schedule for these bonds is included in the bond redemption schedule.

The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days notice and delivery to the Bond Bank's remarketing agents, JP Morgan and Loop Capital Markets, LLC (Loop Capital). The remarketing agents are authorized to use their best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate.

NOTE 7 - VARIABLE RATE DEMAND BONDS (CONTINUED)

The Bond Bank has entered into a SBPA with Depfa Bank plc (Depfa) to buy any bonds that are "put" back by the remarketing agents. If the bonds are Bank Bonds for a period of 6 months from the purchase date, the Bank Bonds convert to an installment loan payable over a ten-year period bearing an adjustable interest rate equal to the bank's rate per annum equal to (a) for the period from and including the Bank Purchase Date to and including the ninetieth day thereafter, the Base Rate from time to time in effect and (b) for the period from and including the date which is the ninety-first day immediately following the related Bank Purchase Date and thereafter, the sum of the Base Rate from time to time in effect plus 1.5%. Base Rate means, for any day, a rate per annum equal to the higher of (i) the Fed Funds Rate plus 0.50% per annum, and (ii) the Prime Rate. The SBPA expires on December 7, 2017.

If the SBPA were to be exercised because any portion of demand bonds were "put" and not resold, the bonds shall be subject to mandatory redemption in equal semi-annual principal installments plus interest, so that such bonds are paid in full within ten years.

The Bond Bank is required to pay an annual fee of 13 basis points of the outstanding principal amount of the bonds to the SBPA provider. In addition, the remarketing agents receive an annual fee based on the outstanding principal amount of the bonds.

Included in long-term debt is $47,810,000 of Series 2005H variable rate demand bonds maturing between July 1, 2036 and January 1, 2037. The bonds are payable solely from the revenues and assets pledged to the payment thereof pursuant to the Bond Trust Indentures. The redemption schedule for these bonds is included in the bond redemption schedule.

The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days notice and delivery to the Bond Bank's remarketing agent, JP Morgan. The remarketing agent is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate.

The Bond Bank has entered into a SBPA with Depfa to buy any bonds that are "put" back by the remarketing agent. If the bonds are Bank Bonds for a period of 6 months from the purchase date, the Bank Bonds convert to an installment loan payable over a ten-year period bearing an adjustable interest rate equal to the bank's rate per annum equal to (a) for the period from and including the Bank Purchase Date to and including the ninetieth day thereafter, the Base Rate from time to time in effect and (b) for the period from including the date which is the ninety-first day immediately following the related Bank Purchase Date and thereafter, the sum of the Base Rate from time to time in effect plus 1.5%. Base Rate means, for any day, a rate per annum equal to the higher of (i) the Fed Funds Rate plus 0.50% per annum, and (ii) the Prime Rate. The SBPA expires on December 7, 2017.

If the SBPA were to be exercised because any portion of demand bonds were "put" and not resold, the bonds shall be subject to mandatory redemption in equal semi-annual principal installments plus interest, so that such bonds are paid in full within ten years.

The Bond Bank is required to pay an annual fee of 58 basis points of the outstanding principal amount of the bonds to the SBPA provider. In addition, the remarketing agent receives an annual fee based on the outstanding principal amount of the bonds.

Included in long-term debt is $350,000,000 of Series 2008C variable rate demand bonds maturing serially at various dates from January 1, 2012 and January 1, 2037. The bonds are payable solely from the revenues and assets pledged to the payment thereof pursuant to the Bond Trust Indentures. The redemption schedule for these bonds is included in the bond redemption schedule.

NOTE 7 - VARIABLE RATE DEMAND BONDS (CONTINUED)

The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days notice and delivery to the Bond Bank's remarketing agents, JP Morgan, Goldman Sachs & Co, Banc of America Securities, LLC, City Securities Corporation and Morgan Stanley. The remarketing agents are authorized to use their best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate.

The Bond Bank has entered into a SBPA with Dexia Credit Local to buy any bonds that are "put" back by the remarketing agents. If the bonds are Bank Bonds for a period of 180 days from the purchase date, the Bank Bonds convert to an installment loan payable over a seven-year period bearing an adjustable interest rate equal to bank's rate per annum equal to (a) for the period from and including the Bank Purchase Date to and including the sixtieth day thereafter, the greater of (i) the Base Rate from time to time in effect and (ii) the maximum bond interest rate, (b) for the period from including the date which is sixty-first day immediately following the related Bank Purchase Date to and including the one hundred and eighth day, the Base Rate from time to time in effect plus 1.0%, and (c) from the one hundred and eighty-first day immediately following the Bank Purchase Date and thereafter, the Base Rate from time to time in effect plus 2%. Base Rate means, for any day, a rate per annum equal to the higher of (a) the Fed Funds Rate plus 0.50% per annum, and (b) the Prime Rate. The SBPA expires on June 25, 2011.

If the SBPA were to be exercised because any portion of demand bonds were "put" and not resold, the bonds shall be subject to mandatory redemption in equal semi-annual principal installments plus interest, so that such bonds are paid in full within seven years.

The Bond Bank is required to pay an annual fee to the SBPA provider, this fee is based on the outstanding principal amount of the bonds and credit rating of the bond insurer. The remarketing agents also receive a fee based on the outstanding principal amount of the bonds.

Included in bonds payable is $9,900,000 of Series 2004B variable rate demand bonds maturing serially at various dates from April 1, 2009 to April 1, 2030. The bonds are payable solely from the revenues and assets pledged to the payment thereof pursuant to the Bond Trust Indentures. The redemption schedule for these bonds is included in the bond redemption schedule.

The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days notice and delivery to the Bond Bank's remarketing agent, NatCity Investments, Inc. The remarketing agent is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate.

The Bond Bank has entered into a SBPA with U.S. Bank National Association to buy any bonds that are "put" back by the remarketing agent. If the bonds are Bank Bonds for a period of 6 months from the purchase date, the Bank Bonds convert to an installment loan payable over a five-year period bearing an adjustable interest rate equal to the bank's rate as follows, (a) for the first ninety days after the Bank Purchase Date, such series will bear interest rate per annum equal to the Prime Rate, (b) commencing on the ninety-first day immediately following the Bank Purchase Date the series will bear interest rate per annum equal to the Prime Rate plus 1%, and (c) commencing on the one hundred and eight-first day immediately following the Bank Purchase Date a rate per annum equal to the Prime Rate plus 2%. The SBPA expires on July 1, 2012.

If the SBPA were to be exercised because any portion of demand bonds were "put" and not resold, the bonds shall be subject to mandatory redemption in equal semi-annual principal installments plus interest, so that such bonds are paid in full within five years.

NOTE 7 - VARIABLE RATE DEMAND BONDS (CONTINUED)

The Bond Bank is required to pay an annual fee of 10 basis points of the outstanding principal amount of the bonds to the SBPA provider. In addition, the remarketing agent receives an annual fee based on the outstanding principal amount of the bonds.

As of December 31, 2008 a total of $120,590,000 were held as Bank Bonds.

NOTE 8 - AUCTION RATE CERTIFICATES

Bonds payable at December 31, 2008 include $50,000,000 of tax-exempt Auction Rate Certificates ("ARCs"). The ARCs mature between July 1, 2035 and January 1, 2036. Interest on the ARCs ranged from 3.25% to 9.3% during 2008, and was payable either at each auction, which occurs every 35 days as stipulated in the related ARC agreement, or semiannually. The interest rates are reset via a "dutch auction." Since March 2008, the auction process to establish these rates has failed; thus, the ARCs will generally pay interest to the holder at a maximum rate as defined by the indenture.

NOTE 9 - EMPLOYEE BENEFITS

The Bond Bank contributes to the Public Employees' Retirement Fund (PERF) of the State of Indiana, a multiple-employer public employee retirement system which acts as a common investment and administrative agent for State of Indiana employees and employees of the various subdivisions and instrumentalities of the State of Indiana. All employees of the Bond Bank may participate in this plan.

The Bond Bank's contributions to the Plan were $44,730 in 2008 and $60,284 in 2007. Separate information concerning the accumulated benefit obligations and actuarially determined benefit obligation is not material to the financial position of the Bond Bank and, accordingly, is not presented.

NOTE 10 - CONCENTRATION OF CREDIT RISK

The Bond Bank has loans to qualified entities, all of whom are located in Marion County, Indiana.

NOTE 11 - SUBSEQUENT EVENTS

In March 2009, the Bond Bank issued Series 2009 A-D Tax Anticipation Warrants in the amount of $131,625,000. The notes were issued to meet the financing needs of the tax anticipation warrant program, and bear interest at 0.78%, and mature on January 15, 2010.

In April 2009, the Bond Bank issued Series 2009D Bonds in the amount of $11,085,000 to purchase the Fort Harrison Military Base Reuse District Tax Increment Revenue Bonds, Series 2009, the proceeds of which will be used to fund construction development of the Fort Harrison Military Base. The bonds bear interest that varies between 2.5% and 4.0%, and mature August 1, 2019.

In May 2009, the Bond Bank issued Series 2009 E-H Tax Anticipation Warrants in the amount of $166,075,000. The notes were issued to meet the financing needs of the tax anticipation warrant program, and bear interest at 0.45% and 0.8%, and mature on August 31, 2009 and March 31, 2010.